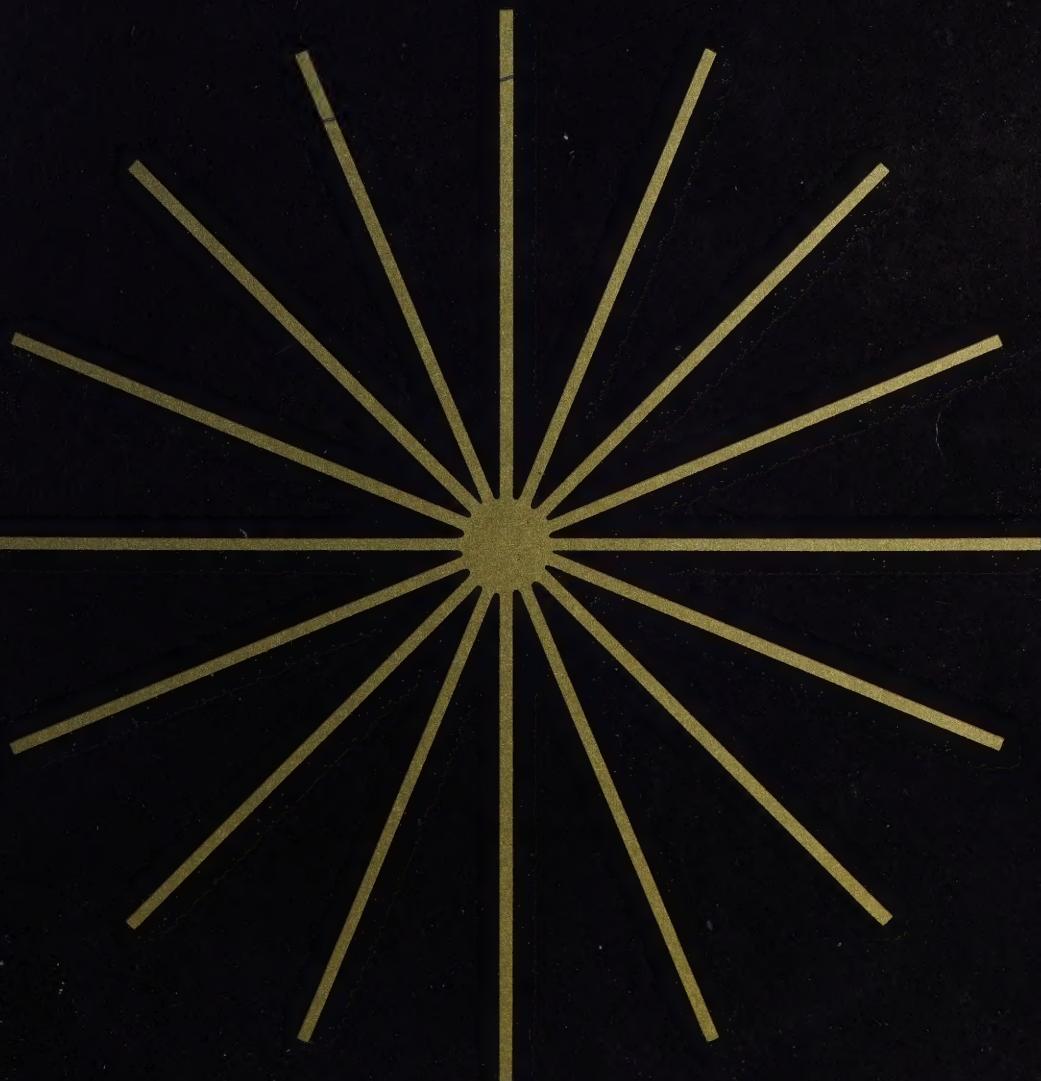


Dominion Citrus & Drugs Limited

ANNUAL
REPORT
FOR THE
TWELVE MONTHS
ENDING
JANUARY 31, 1975



PREScriptions

Woolco will
process your

Blue Cross
PRESCRIPTION
DRUG PLAN
CLAIMS

VITAMINS
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12-4-75

Jack Austin Drugs Limited outlets are located in the Woolco Department Stores. Pictured below is one of the many new Woolco Stores designed to make shopping a pleasure. Surrounding each location are wide parking areas capable of accommodating upwards of 1000 cars.

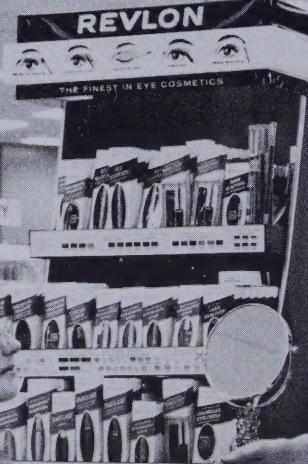


COSMETICS

REVLON

THE FINEST IN EYE COSMETICS

REVLON
WORLD FAMOUS LIPSTICKS



Dominion Citrus & Drugs Ltd.

and subsidiary companies

Directors

Jack Austin
Ben Blidner
Michael Blidner
Charles A. Cadieux
Maurice Cohen
Harold Hertzman
Harry Izen
Louis Kirshenblatt
Jack M. Roth
Harold Soupcoff
Louis E. Soupcoff
Jess Zelikovitz

Officers

Michael Blidner, *President*
Jack Austin, *Vice-President*
Harold Soupcoff, *Vice-President*
Louis E. Soupcoff, *Secretary-Treasurer*

Transfer Agent and Registrar

Guaranty Trust Company of Canada
Toronto, Ontario

Auditors

Starkman, Kraft, Rothman, Berger & Grill
Toronto, Ontario

Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario
Toronto-Dominion Bank
Toronto, Ontario

Head Office

Ontario Food Terminal
The Queensway
Toronto, Ontario
M8Y 1H8

Listed

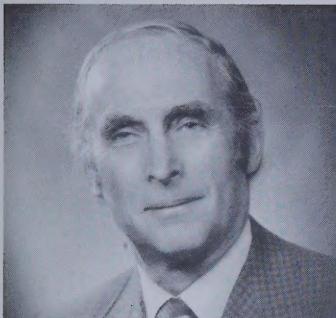
The Toronto Stock Exchange

Dominion Citrus & Drugs Ltd.

and subsidiary companies

Highlights

	1975	1974 (Restated)	1972	1971	1970
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
Sales	\$56,437,736	\$47,252,714	\$37,910,035	\$30,230,100	\$26,554,061
Earnings Before Income Taxes and Minority Interest	2,061,193	1,714,730	1,328,300	1,256,670	1,011,709
Income taxes	988,766	813,580	628,143	641,870	529,804
Minority interest	38,129	38,079	8,133	5,707	—
Net Earnings	\$ 1,034,298	\$ 863,071	\$ 692,024	\$ 609,093	\$ 481,905
Earnings per Share	\$1.20	99¢	79.6¢	70.9¢	56.3¢
Number of Outlets	71	68	57	47	36



Michael Blidner



Jack Austin

DEAR SHAREHOLDER:

Nineteen seventy-four was a challenging and successful year for your company. A new record high was established in 1974 for Sales and Earnings. On January 31, 1975 we were operating 71 outlets in Woolco and Woolworth Department Stores. Seven new stores will be opened this year which will bring the total to 78 by the end of 1975. Additional stores will be opened in 1976. This conforms with Woolworth's announcement that their expansion program of opening new Woolco Department Stores will be continued.

Consumer expenditures in Canada for durable goods were at a high level through 1974, with the effects of the recession apparently showing up only in the fourth quarter. The drop then, however, was in excess of 10% from the third quarter. We are pleased to report that we recorded the usual fourth quarter sales increases in 1974. During previous post-war recessions, expenditures for essential goods and services by consumers were maintained or increased by cutting down on postponable purchases of high priced items. We expect this spending pattern to continue through 1975.

The Produce Division once again continued its pattern of growth in both Sales and Earnings. Prices for fruits and vegetables were lower during the past year, and higher sales were attained by an increase in volume.

Your directors are continuing the policy of paying a semi annual dividend. In addition we are also seeking shareholder approval this year for a change in our share capital which will afford each shareholder a choice of receiving either tax deferred dividends or ordinary taxable dividends. This change will not increase the number of shares issued by the Company.

We feel that we have an aggressive and productive staff of employees who take pride in the achievements of your company. Our formula for motivating people emphasizes a highly personal approach to corporate life, and encourages them to participate in all aspects of company affairs. We have encouraged an open atmosphere that allows any employee to talk easily and freely with top executives. Rather than issuing unilateral directives, the men in charge prefer to discuss matters at meetings and consultations; supervisors then help implement policy decisions.

We place great value on the loyalty of our employees to the company, and wish to thank each and every one who has made his individual contribution to another successful year.

On behalf of the Board of Directors we extend to them our sincerest appreciation.

Yours truly,

M. Blidner, President

J. Austin, Vice-President

Dominion Citrus & Drugs Ltd.

and subsidiary companies

Consolidated Balance Sheet

As at January 31, 1975

ASSETS

See accompanying notes.

APPROVED ON BEHALF OF THE BOARD:

M. BLIDNER, *Director*

J. AUSTIN *Director*

To be read in conjunction with the Auditors' Report attached hereto dated April 3, 1975.

LIABILITIES

	1975	1974
Current Liabilities		
Bank indebtedness (Note 3)	\$ 2,128,877	\$ 1,401,183
Accounts payable	6,360,795	5,761,994
Income taxes payable	121,288	699,105
	8,610,960	7,862,282
	18,288	3,568
Deferred Income Taxes		
Minority Interest in Consolidated Subsidiary Company	176,695	155,676

SHAREHOLDERS' EQUITY

Capital (Note 6)

Authorized

1,500,000 shares without par value

Issued and fully paid

873,750 shares

Retained Earnings

Less: 21,500 shares acquired and held for future disposition, at cost

216,070	216,070
4,316,366	3,482,597
4,532,436	3,698,667
119,787	—
4,412,649	3,698,667
\$13,218,592	\$11,720,193

Dominion Citrus & Drugs Ltd.

and subsidiary companies

Consolidated Statement of Earnings and Retained Earnings

For the Year Ended January 31, 1975

	1975	1974
Sales	\$56,437,736	\$47,252,714
Earnings Before the Following Items	\$ 2,240,299	\$ 1,858,738
Depreciation and amortization	179,106	144,008
Earnings Before Income Taxes	2,061,193	1,714,730
Income taxes (Note 10)	988,766	813,580
Earnings Before Minority Interest	1,072,427	901,150
Minority interest in net earnings of subsidiary company	38,129	38,079
Net Earnings for Year (Note 10)	1,034,298	863,071
Retained Earnings – beginning of year	3,482,597	2,825,038
Dividends (Note 9)	4,516,895	3,688,109
Retained Earnings – end of year	200,529	205,512
Earnings per Share (Note 8)	\$ 4,316,366	\$ 3,482,597
Average Number of Shares Outstanding	\$1.20	\$.99
	860,312	873,370

See accompanying notes.

Consolidated Statement of Changes in Financial Position

For the Year Ended January 31, 1975

	1975	1974
Source of Funds		
Operations :		
Net earnings for year	\$ 1,034,298	\$ 863,071
Items not requiring a current outlay of funds :		
Depreciation and amortization	179,106	144,008
Deferred income taxes	14,720	3,568
	<u>1,228,124</u>	<u>1,010,647</u>
Minority interest in subsidiary company	21,019	33,715
Working capital provided from operations	1,249,143	1,044,362
Issue of shares under employees' stock option plan	—	3,150
	<u>1,249,143</u>	<u>1,047,512</u>
Application of Funds		
Purchase of fixed assets	304,446	244,669
Dividends (Note 9)	200,529	205,512
Acquisition of issued shares of company	119,787	—
	<u>624,762</u>	<u>450,181</u>
Increase in Working Capital	<u>624,381</u>	<u>597,331</u>
Working Capital – beginning of year	3,032,796	2,435,465
Working Capital – end of year	<u>\$ 3,657,177</u>	<u>\$ 3,032,796</u>

See accompanying notes.

Auditors' Report

To the Shareholders of
Dominion Citrus & Drugs Ltd.

We have examined the consolidated balance sheet of Dominion Citrus & Drugs Ltd. and its subsidiary companies as at January 31, 1975 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 31, 1975 and the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Toronto, Ontario
April 3, 1975

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants

Dominion Citrus & Drugs Ltd.

and subsidiary companies

Notes to Consolidated Financial Statements

January 31, 1975

1. Summary of Significant Accounting Policies

(a) The consolidated financial statements include the accounts of:

PRODUCE DIVISION

Dominion Citrus & Drugs Ltd.
Dominion Farm Produce Limited
Skrow's Produce (1971) Ltd.

DRUG DIVISION

Jack Austin Drugs Limited
Fern Distributors (Division of Jack Austin Drugs Limited)
Jack Austin Pharmacy (Alberta) Limited
Jack Austin Pharmacy (Saskatchewan) Limited
Jack Austin Drugs (B.C.) Ltd. (Formerly Cumberland Drugs Limited)

As of January 31, 1975, the drug division operated 63 outlets in Woolco Department Stores and 7 outlets in Woolworth Department Stores. In addition to the above, the drug division also serviced 1 outlet in a Woolworth Department Store.

(b) DEPRECIATION AND AMORTIZATION OF FIXED ASSETS:

Mobile equipment – 30% on diminishing balance basis
Building – 5% on diminishing balance basis
Warehouse and office equipment – 20% on diminishing balance basis
Leasehold improvements – Over terms of leases.

(c) DEFERRED INCOME TAXES

Deferred income taxes are a result of claiming capital cost allowances for tax purposes in excess of depreciation and amortization recorded in the accounts.

2. Goodwill

Goodwill is comprised as follows:

Goodwill of Skrow's Produce (1971) Ltd.	\$165,000
Excess of cost of investment in Jack Austin Drugs (B.C.) Ltd. (formerly Cumberland Drugs Limited) over book value of net assets acquired.	6,000
	<u>\$171,000</u>

The company's policy is not to amortize the existing goodwill unless its value is impaired. In conformity with recommendations of the Canadian Institute of Chartered Accountants future goodwill acquired will be amortized over the estimated life of such goodwill, not to exceed forty years.

3. Bank Indebtedness

The bank indebtedness is secured by a general assignment of book debts and marketable securities.

4. Commitments

(a) The company has agreed to purchase the remaining 50% of the participating shares of Skrow's Produce (1971) Ltd. from the minority shareholders, in 1975, at a price determined by a predescribed formula based upon the earnings of Skrow's Produce (1971) Ltd.

(b) Under license agreements expiring from 1976 to 1983, the minimum total annual rentals payable by Jack Austin Drugs Limited amounts to approximately \$2,560,000 including certain occupancy costs but exclusive of additional rent payable based on a percentage of gross sales.

(c) Under a lease expiring in 1988, the minimum annual rental payable by Jack Austin Drugs Limited for head office and warehouse facilities amounts to \$24,400 excluding certain occupancy costs. Annual rent of \$13,650 is payable for warehouse and office premises in the Ontario Food Terminal Building under a lease expiring on June 30, 1984.

(d) Subsequent events include the opening of new drug stores which are in the normal course of business. It is management policy to write off the cost of new store openings in the year incurred.

5. Contingent Liabilities

The company is contingently liable for guarantees of leases of other companies expiring from 1981 to 1983 at total annual rentals of approximately \$40,500 excluding certain occupancy costs.

6. Employees' Stock Option Plan

The company has reserved 55,930 shares for issue under its Employees' Stock Option Plan. This amount includes 20,000 shares which have been purchased by the Company and the option price on these 20,000 shares is \$5 per share.

The following is a summary of changes in the options outstanding during the year:

	Outstanding February 1, 1974	Granted During Year	Cancelled During Year	Outstanding January 31, 1975
\$6.50 per share, expiring 1976	8,000	—	1,000	7,000
\$6.75 per share, expiring 1977	2,000	—	—	2,000
Prices ranging between \$7.00 and \$10.80	22,000	—	22,000	—
\$7.00 per share, expiring 1979	—	2,000	—	2,000
\$5.00 per share, expiring 1981, and exercisable as to 8,560 shares per year on a cumulative basis, commencing January 31, 1976	—	42,800	—	42,800
	<u>32,000</u>	<u>44,800</u>	<u>23,000</u>	<u>53,800</u>

7. Directors' and Senior Officers' Remuneration

Total remuneration paid or payable during the period to directors and senior officers as defined by The Business Corporations Act, 1970 (Ontario) amounted to \$361,317 (1974 - \$321,402 Revised).

8. Fully Diluted Earnings Per Share

Adjusting for employees' stock options has no material effect on the earnings per share figures.

9. Dividends

During the year ended January 31, 1975, the Company paid tax deferred dividends to its shareholders pursuant to Subsections 196(1) and 83(1) of the Income Tax Act. The total distribution amounted to \$200,529 (1974 - \$205,512) of which \$30,079 (1974 - \$30,827) represented taxes paid and \$170,450 (1974 - \$174,685) represented the tax deferred dividends to shareholders.

10. Previous Year's Restatement of Earnings

The earnings for 1974 previously reported have been increased by \$32,452 representing an over-provision of income taxes. Comparative figures have been restated, where necessary, to give effect to this adjustment.

Dominion Citrus & Drugs Ltd.

and subsidiary companies

Financial Record

	1975			1974 (Restated)		
	Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Consolidated
Sales	\$22,466,339	\$33,971,397	\$56,437,736	\$18,936,728	\$28,315,986	\$47,252,711
Earnings Before Income Taxes and Minority Interest	1,003,379	1,057,814	2,061,193	848,691	866,039	1,714,731
Income taxes	467,779	520,987	988,766	387,807	425,773	813,581
Minority interest	38,129	—	38,129	38,079	—	38,079
Net Earnings	497,471	536,827	1,034,298	422,805	440,266	863,071
Number of Outlets (Note 3)	71					68
Operated						
— Woolco Department Stores	63					60
— Woolworth Department Stores	7					7
Serviced (Note 2)						
— Woolworth Department Stores	1					1
Earnings per Share (Note 3)			\$1.20			99¢

Note 1: The companies changed their fiscal year-ends from December 31 to January 31 commencing January 31, 1973 and, accordingly, the figures for 1974 and 1975 cover the years ended January 31. For the month of January, 1973 the consolidated sales were \$3,241,031 and consolidated net earnings were \$41,613 (4.8¢ per share). Comparative figures for the month of January 1972 are not available.

Note 2: The sales for the drug division do not include the sales of the outlets serviced for Woolworth Department Stores. During 1972, five of the serviced outlets were transferred to the drug division's operations.

Note 3: At January 31, 1975, 873,750 shares and options to purchase 53,800 shares were outstanding.

1972			1971			1970		
Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Consolidated
6,114,308	\$21,795,727	\$37,910,035	\$13,921,907	\$16,308,193	\$30,230,100	\$12,500,244	\$14,053,817	\$26,554,061
701,987	626,313	1,328,300	628,488	628,182	1,256,670	480,459	531,250	1,011,709
341,232	286,911	628,143	319,064	322,806	641,870	250,839	278,965	529,804
8,133	—	8,133	5,707	—	5,707	—	—	—
352,622	339,402	692,024	303,717	305,376	609,093	229,620	252,285	481,905
	57			47			36	
	49			40			34	
	7			1				
	1			6			2	
		79.6¢			70.9¢			56.3¢





CHECKOUTS

ENTRANCE TO MALL



Dominion Citrus & Drugs Ltd.

and subsidiary companies

Ontario Stores (Woolco)

St. George Road and Highway 24,
Brantford, Ontario
Hamilton Mountain Shopping Centre,
Upper James and Fennell Streets,
Hamilton, Ontario
New Sudbury Shopping Centre,
Barrydowne and LaSalles Boulevard,
Sudbury, Ontario
Gateway Shopping Plaza,
Dougall Road,
Windsor, Ontario
345 Queen Street East,
Sault Ste. Marie, Ontario
Argyle Shopping Mall,
1925 Dundas Street East,
London, Ontario
Agincourt Shopping Mall,
3850 Sheppard Avenue East,
Agincourt, Ontario
2295 Sheppard Avenue West,
Weston, Ontario
Fairview Park Shopping Centre,
Kitchener, Ontario
Frontenac Mall Shopping Centre,
R.R. #7 Kingston, Ontario
1950 Lauzon Road,
Windsor, Ontario
Brookdale Avenue and 7th Street,
Cornwall, Ontario
Lincoln Mall Shopping Centre,
549 Welland Avenue,
St. Catharines, Ontario
Crossroads Shopping Centre,
Highway #2 and Thickson Road,
Whitby, Ontario
Lambton Mall Shopping Centre,
London Road,
Sarnia Township, Ontario
North Park Shopping Centre,
1305 Lawrence Avenue West,
Toronto, Ontario
Oakridge Mall,
1201 Oxford Street West,
London, Ontario
White Oaks Mall,
1105 Wellington Road South,
London, Ontario
Grey County Mall Shopping Centre,
Highway #21,
Owen Sound, Ontario
Lincoln Fields Shopping Centre,
1350 Richmond Road,
Ottawa, Ontario
Eastgate Mall,
75 Centennial Parkway,
Stoney Creek, Ontario
1000 Island Mall,
Parkdale Ave. & Windsor Drive,
Brockville, Ontario
Square One Shopping Centre,
100 City Centre Drive,
Mississauga, Ontario
Honeydale Mall,
5555K Dundas Street West,
Etobicoke, Ontario

Blandford Square Shopping Centre,
Highway #2, Innerkip Road,
Woodstock, Ontario
Chatham Place,
801 St. Clair Street Extension,
Chatham, Ontario
Dufferin Mall,
900 Dufferin Street,
Toronto, Ontario

Ontario Stores (Woolworth)

25 – 1st Street,
Collingwood, Ontario
80 – 96 Main Street,
Galt, Ontario
Mississauga and Andrew Streets,
Orillia, Ontario
56 – 76 Bayfield Street,
Barrie, Ontario
173 – 81 Colborne Street,
Brantford, Ontario
180 Prince Street,
Pembroke, Ontario

Quebec Stores (Woolco)

Granby Plaza,
Granby, Quebec
Taschereau Shopping Centre,
Brossard, Quebec
20 East Trans-Canada Road,
Levis, Quebec
LeCavalier Shopping Centre,
LaSalle, Quebec
Rock Forest Shopping Centre,
Rock Forest (Sherbrooke), Quebec
1660 LeCorbusier Boulevard,
Laval (Montreal), Quebec
Kirkland Plaza,
Kirkland, Quebec
Centre Langelier,
St. Leonard, Quebec
Centre St. Anne,
Giffard, Quebec
Centre De'Achats Centreville,
Longueuil (Met.), Quebec
Trois Rivieres Shopping Centre,
Trois Rivieres, Quebec
LeGalerie Du Cap and Barkoff Street,
Cap-de-Madeleine, Quebec
Tracy Plaza,
Tracy, Quebec
Les Galeries Drummond,
Drummondville, Quebec
Centre Valleyfield,
Valleyfield, Quebec
Le Bazar Shopping Centre,
Ville St. Laurent, Quebec
Les Galeries Richelieu,
St. Jean, Quebec
Place Du Royaume Shopping Centre,
Chicoutimi, Quebec
Centre Regional Manicovagan,
Baie Comeau, Quebec

Saskatchewan Stores (Woolco)

353 North Albert Street,
Regina, Saskatchewan
South Hill Shoppers Mall,
299 – 2nd Avenue West,
Prince Albert, Saskatchewan
Towne & Country Mall,
1235 Main Street North,
Moose Jaw, Saskatchewan
300 Confederation Park,
Saskatoon, Saskatchewan

Manitoba Stores (Woolco)

Crossroads Shopping Centre,
1580 Regent Avenue West,
Transcona, Manitoba
Grant Park Plaza,
1080 Grant Avenue,
Winnipeg, Manitoba
Brandon Shoppers Mall,
1440 – 18th Street,
Brandon, Manitoba

Manitoba Store (Woolworth)

City Centre Mall,
Mystery Lake Road and Thompson Drive,
Thompson, Manitoba

Alberta Stores (Woolco)

37th Street and 12th Avenue, S.W.,
Calgary, Alberta
#1 Capilano Shopping Mall,
98th Avenue and Terrace Road,
Edmonton, Alberta
MacLeod Mall Shopping Centre,
9650 MacLeod Trail,
Calgary, Alberta
Parkland Mall Shopping Centre,
6375 – 50th Avenue,
Red Deer, Alberta
Centennial Village Shopping Centre,
170th Street and Stoney Plain Road,
Edmonton, Alberta
College Mall Shopping Centre,
Mayor Magrath Drive and 20th Avenue,
Lethbridge, Alberta
Marlborough Mall,
3835 Memorial Drive N.E.,
Calgary, Alberta
Northland Village Shopping Centre,
5111 – 37th Street N.W.,
Calgary, Alberta
Londonderry Mall,
137th Avenue & 66th Street,
Edmonton, Alberta

Alberta Store (Woolworth)

450 – 3rd Street, S.E.,
Medicine Hat, Alberta

British Columbia Store (Woolco)

Pine Centre Shopping Mall,
2999 Massey Drive,
Prince George, British Columbia

